

FORM ADV PART 2A: FIRM BROCHURE

CTC CAPITAL MANAGEMENT, LLC

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF CTC CAPITAL MANAGEMENT, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (312) 863-8000. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT CTC CAPITAL MANAGEMENT, LLC. ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

MATERIAL CHANGES

CTC Capital Management, LLC (“CTC”) previously filed a firm brochure with the U.S. Securities and Exchange Commission (“SEC”), dated April 15, 2021. The following material information has been added since the previous filing:

- CTC has updated the description of its Advisory Business to indicate that it has begun managing client assets and to report its discretionary assets under management. See “*Advisory Business.*”

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ADVISORY BUSINESS

CTC was founded in 2021 to provide trading and asset management services to U.S. and foreign investors and clients. CTC is a wholly-owned subsidiary of CTC Holdings, L.P.

CTC acts as a discretionary investment adviser to one or more private investment funds (the “CTC Funds”); CTC is not expected to act as an investment adviser to separately managed client accounts, but may do so in the future. As of the date hereof, CTC advises a single family of investment funds: two “feeder funds,” one of which is organized as Delaware limited liability company and the other of which is organized as a Cayman Islands limited liability company, both of which invests their respective assets into a “master fund” organized as a Cayman Islands exempted company. CTC has the flexibility to employ a broad array of investment strategies on behalf of the CTC Funds that CTC determines are consistent with the CTC Funds’ investment objectives, including a variety of opportunistic strategies. However, CTC primarily focuses on global trading opportunities in equity, fixed income, and volatility products which may be mispriced due to stressed market conditions, market structure or other fundamental factors.

Because CTC’s advisory business is expected to be limited to providing advice to the CTC Funds in accordance with their respective governing documents, CTC generally does not intend to tailor its advisory services to the individual needs of specific investors in any CTC Fund. CTC’s advisory services are further described below under “*Methods of Analysis, Investment Strategies and Risk of Loss.*” CTC does not participate in any wrap fee programs.

As of December 31, 2021, CTC managed approximately \$649,808,030 of client assets on a discretionary basis.

FEES AND COMPENSATION

Currently, CTC does not charge an asset-based advisory fee to the CTC Funds, but receives performance-based compensation with respect to their management, as further described in “*Performance-Based Fees and Side-by-Side Management*” below. However, CTC may determine to charge one of more CTC Funds (or any investor(s) or classes of investors in any CTC Fund) an asset-based or similar fee in the future.

In lieu of paying CTC an asset-based management fee, the CTC Funds bear their pro rata share of the operating and overhead expenses incurred by CTC (such expenses, “CTC Operating and Overhead Expenses”), including, but not limited to: (i) salaries, bonuses and other compensation (e.g., deferred and incentive-based compensation and the funding thereof) and benefits for its employees, principals, members, partners and consultants; (ii) information and technology related expenses (e.g., fees, expenses and upgrade costs related to hardware, data, colocation, infrastructure (e.g., custom hardware, dark fiber, microwave and other networks), software and software development, API development, systems engineering, development and operation, development of analytical programs, risk management programs, trading tools, quote and order logic and management programs, information technology and data security programs and other systems designed to manage and control cyber security risk, hedging tools, connectivity, data, data hosting, and other similar items); (iii) fees and expenses associated with preparing and submitting regulatory filings and compliance related expenses (e.g., expenses relating to the preparation and filing of CTC’s SEC Form ADV and Form PF, Commodity Futures Trading Commission (“CFTC”) Form CPO-PQR and National

Futures Association (“NFA”) Form PQR, and the expenses relating to CTC’s registration as a commodity pool operator and membership in NFA); and (iv) overhead expenses (e.g., rent, utilities, supplies, administrative services and other similar items).

Other Fees and Expenses. The CTC Funds incur other expenses in connection with CTC’s advisory services, and bear legal and organizational expenses in connection with their formation and initial offering, which are borne by the applicable CTC Fund (and, therefore, indirectly by its investors). The expenses to be borne by each CTC Fund will be subject to the terms and conditions of the applicable CTC Fund’s governing and subscription documents, and may include (but are not necessarily limited to): (i) expenses and filing fees related to the ongoing offering of equity interests and filing fees; (ii) brokerage fees and commissions and other transaction costs and investment-related expenses incurred in connection with the CTC Fund’s investment and trading activities, including research expenses and the costs of any independent accountants or other experts or consultants engaged by CTC in connection with specific investments; (iii) any interest, fees (including commitment fees), and costs of fund-related borrowings (including borrowings related to positions held on margin); (iv) routine operational costs such as printing and duplication expenses, legal, accounting, director services, bookkeeping, recordkeeping, auditing, consulting and other professional expenses, administration (including the costs and expenses of the fund administrator), clerical and tax preparation expenses, all taxes (if any) imposed on the CTC Fund (or that the CTC Fund is required to withhold or pay with respect to any of its investors), and fees payable to governments or agencies; (v) its pro rata portion of any E&O, D&O, cyber or any other form of insurance related to the CTC Fund and its management and operations; (vi) exchange, board of trade or other trading or execution facility membership or participation expenses; (vii) travel expenses of CTC related to the CTC Fund’s activities; (viii) market data, price quote data, newswire and data processing expenses, and connectivity charges; (ix) custody charges; (x) fees and costs payable in connection with preparing and mailing reports to investors in the CTC Fund; (xi) all other ordinary and out-of-pocket expenses of the CTC Fund; and (xii) extraordinary expenses (e.g., litigation costs (including expenses incurred in connection with any settlement related to a portfolio investment), indemnification obligations, expenses of registering the CTC Fund with any governmental agency under the requirements of any applicable law, and costs incurred in connection with a reorganization or restructuring of the CTC Fund), if any. As investors in the “master fund,” each “feeder fund” (and therefore, each of their respective investors) will bear its *pro rata* share of such expenses incurred by the master fund for so long as such feeder fund maintains its investment in the master fund.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As compensation for its management of the CTC Funds, CTC also is entitled to receive performance-based compensation. This performance-based compensation is calculated separately for each separate investment made in each the CTC Fund, and generally is equal to 20% of the net increase in value (if any) of that investment in such CTC Fund (including both realized and unrealized gains and losses) over the applicable measurement period, after recovery of losses experienced by such investment in prior measurement periods. Unrealized appreciation and depreciation on specified illiquid investments is excluded. Because this calculation generally is performed separately for each separate investment in the applicable CTC Fund, a single investor may have multiple separate investments, and may be assessed this performance-based compensation with respect to some or all of those separate investments, depending on how each separate investment has performed, even if overall performance of the CTC Fund in question is down.

This performance-based compensation generally is calculated and payable annually as of December 31st of each year, upon liquidation of the CTC Fund or upon withdrawal by an investor of all or part of its

investment in the CTC Fund. CTC may waive, reduce or otherwise vary this compensation with respect to any investor in the CTC Funds, including affiliates and/or employees of CTC or its affiliates.

Conflicts of Interest Related to Performance-Based Compensation and Varying Fee Rates. A significant percentage of appreciation that would otherwise be allocated to the investors in a CTC Fund that is subject to a performance-based fee or allocation will instead be paid to CTC or one of its affiliates. However, although this is not the case currently, in the future other CTC Funds or clients may not pay such performance-based compensation to CTC, and/or may pay lower amounts of performance-based or asset-based compensation to CTC than the existing CTC Funds. This would give rise to a potential conflict of interest, as CTC may have an incentive to favor those clients that pay higher amounts of performance-based or other compensation to CTC over those other clients that pay lower amounts of such compensation, for example, seeking to direct more profitable investments to clients that are subject to more lucrative compensation arrangements with CTC or its affiliates. However, CTC's Code of Ethics prohibits the allocation of investment opportunities based on anticipated compensation or profits to CTC, any affiliates or their professionals. For a discussion of potential conflicts of interest that may exist, please see "*Methods of Analysis, Investment Strategies and Risk of Loss*" and "*Code of Ethics, Participation or Interest in Client Transactions*" below.

TYPES OF CLIENTS

CTC provides investment advice to private investment funds operated by CTC. CTC operates the CTC Funds in reliance upon the exclusion from the definition of an "investment company" described in Section 3(c)(1) of the Investment Company Act of 1940, as amended. In order to qualify for this exclusion, investment in the CTC Funds is generally limited to no more than 100 U.S. persons who are "accredited investors," as defined in Rule 501 of Regulation D under the Securities Act of 1933, as well non-U.S. investors (provided that the CTC Funds intend to accept investments from individuals who are "knowledgeable employees" of CTC and its affiliates, within the meaning of Rule 3c-5 under the Investment Company Act of 1940, as amended, and such investors will not count against the 100-beneficial owner limitation described above). In general, the definition of "accredited investor" includes (a) individuals with either (i) \$200,000 in annual income, (ii) \$300,000 in joint annual income with his/her spouse, or (iii) \$1,000,000 in net worth, excluding his/her primary residence; and (b) entities (i) with \$5 million in assets, or (ii) which are wholly-owned by other accredited investors. In addition, investment in the CTC Funds is generally limited to investors who are "qualified clients," as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended. "Qualified clients" generally include investors with a net worth of more than \$2,200,000 or who have at least \$1,100,000 in assets under management with CTC, as well as "knowledgeable employees" of CTC and its affiliates.

Because the CTC Funds are also subject to regulation as "commodity pools" under the Commodity Exchange Act, CTC also intends to limit investors in the CTC Funds to persons who are "qualified eligible persons," as such term is defined in CFTC Rule 4.7. This generally means that investors in the CTC Funds must be "knowledgeable employees" or other qualifying personnel or service providers of CTC and its affiliates, or otherwise must (a)(i) own a securities portfolio (of unaffiliated issuers) of at least \$2,000,000, (ii) have had on deposit with a futures commission merchant at least \$200,000 in exchange-specified initial margin and option premiums (together with required minimum security deposit for retail forex transactions) for commodity interest transactions during the six-month period before investing in a CTC Fund, or (iii) satisfy a *pro rata* combination of (a) and (b) above (e.g., a \$1,000,000 securities portfolio with \$100,000 in initial margin on account), or (b) fall within one of a number of other specified categories of institutional investors set out in CFTC Rule 4.7.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

CTC intends to employ a broad array of investment strategies and trade a variety of financial instruments on behalf of the CTC Funds that CTC determines are consistent with the CTC Funds' investment objectives, including by utilizing a variety of opportunistic strategies. However, CTC intends to primarily focus on global trading opportunities in equity, fixed income and volatility products which may be mispriced due to stressed market conditions, market structure or other fundamental factors.

CTC's investment strategies are based on core technical and fundamental research and will seek to take advantage of its established risk management methods. CTC may employ various strategies, including equity event driven and merger arbitrage, volatility arbitrage, systematic credit, distressed credit, capital structure arbitrage and various other credit and macroeconomic strategies. The holding period and liquidity profile for CTC's investment positions will vary based on strategy.

Certain Risk Factors.

The identification of attractive investment opportunities is difficult and involves a significant degree of uncertainty. Potential clients should consider the following risks before engaging CTC to manage their accounts.

Exposure to Dynamic Investment Strategy. CTC may not follow one specific investment strategy, but rather, may employ different trading strategies which it determines are consistent with the CTC Funds' investment objective. Because CTC may change the CTC Funds' allocation of assets among a variety of diverse investments and strategies at any time, investors in the CTC Funds will be exposed to the risks associated with each of those investments and strategies but will not know at the time of investment, or over the duration of their investment, the precise nature of such exposure. An investment in the CTC Funds therefore involves a high degree of uncertainty and investors will be exposed to a significant degree of risk.

General Risks of Arbitrage Transactions. A portion of the CTC Funds' investments may be based on arbitrage strategies. The success of arbitrage strategies (whether volatility arbitrage, capital structure arbitrage, merger arbitrage or otherwise) depends often on the ability to execute two or more simultaneous transactions at desired prices. Should such transactions not be executed simultaneously at the desired prices, losses may be incurred on both sides of the transaction. Additionally, separate costs are incurred on both sides of an arbitrage transaction, and substantial favorable price moves may be required before a profit can be realized. There can be no assurances that the hedging and arbitrage strategies used by CTC will be successful. The market values of related financial instruments may not move in correlation with each other or in ways anticipated by CTC, and intervening events may cause hedged positions not to perform as anticipated. A hedged position may perform less favorably in generally rising markets than an unhedged position.

Event-Driven Strategies. A portion of the CTC Funds' investments may involve speculative purchases or sales of securities of companies that CTC believes are mispriced because of an extraordinary event, or that are expected to undergo a change in value because of an expected occurrence. This may include companies that are involved in (or are the target of) acquisition attempts or tender offers, work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special event, there is a risk that the contemplated event either will not occur (for example, for failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will fail to have the expected result on the price of the securities purchased by a CTC Fund (for example, by resulting in a distribution of cash or a new security, the value

of which is less than the purchase price of the securities in respect of which such distribution was made). There is substantial uncertainty concerning the outcome of such events, and attempting to identify and make investments based on the predicted the outcome of such events entails a high degree of risk. Accordingly, there can be no assurance that CTC will correctly evaluate the likelihood of a favorable investment outcome in connection with such events, which could result in substantial losses to the CTC Funds.

Investments in Undervalued Equity and Equity-Related Securities. The CTC Funds may invest in undervalued equity and equity-related securities. The identification of investment opportunities in undervalued securities is a difficult task. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from such investments may not adequately compensate the CTC Funds for the business and financial risks assumed. The CTC Funds may take certain speculative investments in securities which CTC believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, the CTC Funds may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the CTC Funds' assets may be committed to the securities purchased, thus possibly preventing the CTC Funds from investing in other opportunities. If the CTC Funds take long positions in stocks that decline and short positions in stocks that increase in value, then the losses of the CTC Funds may exceed those of other portfolios that hold long positions only.

Reliance on Quantitative Analysis. CTC's investment strategies are expected to rely upon quantitative models and systems. Such models and systems may entail the use of sophisticated statistical calculations and complex computer systems, and there is no assurance that CTC will be successful in carrying out such calculations correctly or that the use of these quantitative models and systems will not expose the CTC Funds to the risk of significant losses. The efficacy of the trading signals produced by each CTC Fund's models and systems is dependent on a number of factors, including, without limitation, the analytical and mathematical foundation of such models and systems, the accurate incorporation of such principles in a complex technical and coding environment, the quality of the data introduced into such models and systems, and the successful deployment of the outputs into the investment process. In addition, the analytical techniques used by CTC cannot provide any assurance that the CTC Funds will not be exposed to the risk of significant trading losses if the underlying patterns that form the basis for the quantitative models and systems employed by CTC change in ways not anticipated by CTC. The effectiveness of quantitative models and systems may diminish over time, and attempts to apply existing quantitative models and systems to new or different markets, strategies or financial instruments may prove ineffective.

To the extent that information regarding the positions or trades of any CTC Fund becomes or is required to be made publicly available, there is a material risk that other market participants may seek to reverse engineer CTC's quantitative investment strategies from such public information. The use of CTC's investment strategies by other persons, whether as a result of reverse engineering, "front running" or other actions, may have a material adverse effect on the performance of the CTC Funds.

Long/Short Strategies. CTC will employ long/short strategies on behalf of the CTC Funds. Because a long/short strategy involves identifying financial instruments which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of this strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur or may occur over extended time frames, which may limit profitability. Long (short) positions may undergo significant short-term declines (increases) and experience considerable price volatility during these periods. In addition, long and short positions may or may not be correlated to each other. If the long and short positions are not correlated, it is possible to have investment losses in both the long and short sides of the portfolio.

Market Neutral Strategies. CTC may employ market neutral strategies on behalf of the CTC Funds. The use of any “market neutral” or “relative value” hedging or arbitrage strategies should in no respect be taken to imply that CTC’s strategies are without risk. Substantial losses may be recognized on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every market neutral or relative value strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same underlying issuer. Further, CTC’s “market neutral” strategies may employ limited directional strategies that expose the CTC Funds to certain market risks.

Equity Securities. CTC may trade in equity securities on behalf of its clients. Common stock and similar equity securities generally represent the most junior position in an issuer’s capital structure and entitle the holder to dividends only if and to the extent declared by the issuer. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments. The securities of smaller companies may involve more risk and their prices may be subject to more volatility.

Trading in Options. Among the Financial Instruments that the CTC Funds may trade are options. Trading in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. If CTC buys an option for a client, the client will be required to pay a “premium” representing the market value of the option, and may lose the entire amount of the premium unless it becomes profitable to exercise or offset the option prior to its expiration. Conversely, if CTC sells an option on behalf of a client, the client will be credited with the premium, but may be subject to an unlimited risk of loss based on fluctuations in the price of the underlying asset if the option is exercised.

Commodities and Futures Trading. CTC may invest in certain futures products on behalf of its clients. Substantially all trading in futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain futures contracts, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures prices may be highly volatile, and can be influenced by a wide range of macro- and micro-economic variables. Futures trading also is subject to various regulatory limitations, including limitations on the maximum net long or net short positions that any trader (such as CTC) may hold or control in particular futures contracts and limitations on daily price movements, which could limit CTC’s ability to trade futures under certain circumstances. Because futures contracts are typically traded on “margin”—meaning that only a small portion of the total value of the futures contract must be posted with a broker to establish a futures position—a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin.

Trading in ETFs. CTC may invest in ETFs on behalf of its clients, both long and short. ETFs are funds that track a particular basket or index of securities traded on a public exchange such as the American Stock Exchange. ETF investments are subject to the risks arising from the portfolio of underlying stocks, including market and issuer risks, but may also present certain unique risks. It is possible for the value of ETFs to fall or to rise more slowly than the stock market as a whole even when stock prices in general are rising. In addition, the fees and expenses charged by such ETFs result in an additional level of fees and greater expense to clients than would be associated with direct investment.

Turnover. CTC expects to invest client assets on the basis of short-term market considerations. The portfolio turnover rate of investments for clients may be significant, and therefore may incur substantial brokerage commissions, mark-ups and fees that will reduce the client’s investment returns.

Over-the-Counter and Other Derivative Instruments in General. CTC may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Derivative instruments may not be liquid in all circumstances, so that in volatile markets CTC may not be able to close out a position without incurring a loss to the CTC Funds. Trading in derivative instruments also may result in large amounts of leverage, which may magnify the gains and losses experienced by the CTC Funds, as well as the volatility in their investment portfolios. CTC may trade over-the-counter derivative instruments including swap transactions, forward foreign currency transactions and derivatives on bonds and other fixed income securities. Over-the-counter instruments, unlike exchange traded financial instruments, are negotiated, two-party contracts. Because performance of over-the-counter instruments is not guaranteed by any exchange or clearinghouse, the CTC Funds will be subject to the risk of the inability or refusal to perform with respect to such instruments on the part of the counterparties with which they trade.

Risks of Investing in Non-U.S. Securities. Trading in securities of non-U.S. issuers, securities traded principally in securities markets outside the United States and/or securities denominated in non-U.S. currencies may involve certain special risks due to country or region specific economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, imposition of required holding periods, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, non-U.S. issuers may be subject to different accounting, reporting, and disclosure requirements than domestic issuers. The securities of some non-U.S. companies and non-U.S. securities markets are less liquid and at times more volatile than securities of comparable U.S. companies and U.S. securities markets. Non-U.S. brokerage commissions and other fees may be higher than in the United States.

Trading in Currencies. CTC may trade currencies and related financial instruments. The CTC Funds are expected to only trade such instruments in interbank and forward contract markets which CTC believes to be well-established and of recognized standing. Nonetheless, the CTC Funds may be exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, the funds' positions. Although certain currency trades may be effected through exchange-traded instruments, the foreign currency market remains predominantly an over-the-counter market, and is therefore subject to the risks typical to over-the-counter trading. CTC may effect such trades with brokers, banks and other market participants which it believes to be creditworthy. When a CTC Fund uses currency forward contracts and similar instruments for hedging purposes, an imperfect or variable degree of correlation between price movements of such instrument and the underlying investment sought to be hedged may prevent such CTC Fund from achieving the intended hedging effect or may expose the fund to the risk of loss.

Trading in Digital Assets. The CTC Funds may invest in certain digital assets. Due to the limited history of digital assets and the rapidly evolving nature of the digital assets market, it is not possible to know all the risks involved in making an investment in digital assets, and new risks may emerge at any time. Digital assets have gained some commercial acceptance only within the past decade and, as a result, there is little data on their long-term investment potential or adoption in the marketplace. Additionally, due to the rapidly evolving nature of the digital assets market, including the development of new digital assets and advancements in the underlying technology, it is not possible to predict which digital assets any CTC Fund may own in the future or even to fully describe those potential digital assets. New digital assets or changes to existing digital assets may expose the CTC Funds to additional risks which are impossible to predict. This uncertainty makes each CTC Fund's investments in digital assets highly speculative.

Fixed-Income Investments. The CTC Funds are expected to invest in fixed-income financial instruments. The value of fixed-income financial instruments will change as the general levels of volatility and interest rates fluctuate. When interest rates decline, the value of fixed-income financial instruments can be expected to rise. Conversely, when interest rates rise, the value of such financial instruments can be expected to decline. To the extent that interest rates move in a direction contrary to the direction anticipated by CTC, the overall investment performance of the relevant CTC Fund will be affected. The market value of fixed-income financial instruments also varies according to the relative financial condition of the issuer. Investments in lower rated or unrated fixed-income financial instruments, while generally providing greater opportunity for gain and income than investments in higher rated financial instruments, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such financial instruments).

Credit Risk of Issuer. The CTC Funds may invest in financial instruments that have built-in convertibility (from debt to equity) features. The risks associated with such financial instruments include credit risk. Credit risk is the possibility that an issuer will be unable to make interest payments and repay principal when due. Changes in an issuer's financial strength or in a convertible instrument's credit rating may affect such instrument's value. Financial instruments rated below investment grade, sometimes called "junk bonds," generally have more credit risk than higher rated instruments.

Asset-Backed Securities. CTC may invest in asset-backed securities ("ABS") on behalf of the CTC Funds. ABS are debt obligations or debt securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from underlying financial assets, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities. The structure of an ABS and the terms of the investors' interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Although the basic elements of all ABS are similar, individual transactions can differ markedly in both structure and execution. Holders of ABS bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. In addition, concentrations of ABS of a particular type, as well as concentrations of ABS issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may subject the holder to additional risk. As a result, the CTC Funds' investments in ABS could decline substantially in value.

Illiquid Investments. The securities and other instruments in which certain CTC Funds may invest include assets that are subject to legal or contractual restrictions on their resale (e.g., securities issued by privately-held entities) or for which there is a relatively inactive, "thin" or illiquid trading market, making purchases or sales at desired prices or in desired quantities difficult or impossible. Illiquid investments may be required to be held for a lengthy period of time and often require more time to sell and result in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or for which there is an active over-the-counter market. In addition, due to thin trading in certain securities or other instruments, investments in such securities or instruments may be less liquid than alternative investments for which there is a more active trading market, which could cause CTC to suspend a fund's net asset value calculations and/or withdrawals and/or take other steps to manage the illiquidity associated with such investment. Therefore, investments in illiquid or thinly-traded securities or other instruments may reduce the returns to investors because CTC may be unable to sell the illiquid or thinly-traded securities or other instruments at an advantageous time or price.

Technical Trading Systems. CTC also may rely on technical trading systems. For any technical trading system to be profitable, there must be price moves or "trends" – either upward or downward – in some security, derivative or other asset that the system can track and those trends must be significant enough to dictate entry or exit decisions. Trendless markets have occurred in the past and are likely to recur. In a trendless or erratic market, a technical trading system may fail to identify a trend on which action should

be taken or may overreact to minor price movements and thus establish a position contrary to overall price trends, which may result in losses. In addition, a technical trading system also may underperform other trading methods when fundamental factors dominate price moves within a given market. Technical systems also may be profitable for a period of time, after which the system fails to detect correctly any future price movements. Accordingly, technical traders often modify or replace their systems on a periodic basis. Any factor (such as increased governmental control of, or participation in, the markets traded) that lessens the prospect of sustained price moves in the future may reduce the likelihood that technical systems that may be used by CTC will be profitable.

Leverage. The low margin and collateral deposits required to trade many exchange-traded derivatives may permit an extremely high degree of leverage. In addition, CTC may utilize broker-provided financing in its trading on behalf of clients and, although it is not anticipated, may utilize borrowings for purposes of covering margin requirements applicable to the CTC Funds' futures and related positions. The degree of leverage that CTC may utilize may not be limited to any predetermined level, but will be subject to applicable legal, regulatory or broker imposed leverage limitations, to the extent applicable. As a result of trading with a high degree of leverage, a relatively small price movement in a financial instrument's price may result in immediate and substantial losses to clients, and could result in the mandatory liquidation of certain positions if margin requirements are not satisfied. If a client is in a leveraged position, any losses would be more pronounced than if leverage were not used and, under particularly adverse circumstances, could exceed the client's capital under CTC's management.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with CTC's investment program or an investment in any fund or account advised by CTC. Prospective clients and investors must consult their own advisers before deciding whether to make such an investment. Investors and prospective investors should carefully review the sections on Risk Factors of the offering documents of the applicable CTC Fund(s). Such documents are available only to current investors or prospective investors who are eligible to invest in such entities, as determined in the sole discretion of CTC.

DISCIPLINARY INFORMATION

CTC is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of CTC or the integrity of CTC's management. CTC has no such information to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CTC is a wholly-owned subsidiary of CTC Holdings, L.P., which, through its various subsidiaries and affiliates (collectively, "Chicago Trading Company"), is a registered broker-dealer and proprietary options market making firm and trades in various financial instruments, including index and equity derivatives

products, fixed income and energy products. The managers of CTC General Partner, LLC, which acts as the general partner of CTC Holdings, L.P., as well as CTC's Chief Compliance Officer and certain other employees of CTC, are also registered with CTC, LLC, a broker-dealer under common control with CTC. CTC also is an affiliate of CTC Wealth Management, LLC ("Wealth Management"), an asset management firm that currently files reports with the SEC as an exempt reporting adviser. Wealth Management operates private investment vehicles that invest in certain illiquid investment opportunities, including private securities and real estate. Currently, investment in the investment vehicles operated by Wealth Management is limited to certain principals and employees of Chicago Trading Company.

CTC, Wealth Management and Chicago Trading Company are owned by various principals of CTC Holdings, L.P., including Andrew Hall. Certain principals and employees of CTC may devote a substantial portion of their time to the management and strategic direction of, and/or options market making and other proprietary trading activities on behalf of, Chicago Trading Company, as well as to the investments made by Wealth Management. CTC's principals and employees may perform these duties for CTC as well as Wealth Management and/or Chicago Trading Company. In particular, Andrew Hall is an executive officer of Chicago Trading Company and is expected to devote a portion of his time and attention to the business operations of Chicago Trading Company and Wealth Management, over which he is expected have substantial oversight and control.

As a result of these relationships, conflicts of interest may arise between the CTC Funds and CTC, its principals and their respective affiliates with respect to matters such as the allocation of investment opportunities, purchases and sales of financial instruments in connection with particular trading situations and allocation of personnel, resources and expenses. CTC seeks to mitigate these potential conflicts of interests in several ways. First, the CTC Funds are not expected to have overlapping investment mandates with the clients of Wealth Management, in light of the focused investment strategies employed by Wealth Management, and CTC therefore does not believe that Wealth Management's investment activities will create a material conflict of interests with CTC's clients. Second, the investments strategies implemented by CTC are distinct from those of Chicago Trading Company, and principals and employees of Chicago Trading Company who want to invest pursuant to CTC's strategies may do so only by investing in the CTC Funds. CTC believes that requiring this separation between CTC's and Chicago Trading Company's strategies reduces the risk of conflicts between the two firms. Third, the markets in which CTC trades are generally liquid, public markets, and therefore it is not anticipated that CTC, Wealth Management and Chicago Trading Company will regularly be in competition with one another for limited investment opportunities. Finally, trading by principals and personnel of CTC, Wealth Management and Chicago Trading Company will be subject to CTC's Code of Ethics and personal trading policy, as described below in "*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*," which seeks to mitigate the conflicts described above. Among other things, CTC's Code of Ethics will require employees to pre-clear certain securities transactions for their personal accounts with appropriate personnel of CTC, and prohibits derogating the interests of clients to those of CTC principals or affiliates.

Other Clients. Although CTC and its affiliates manage investments on behalf of a number of accounts, investment decisions and allocations will not, in many cases, be made in parallel among all such accounts. Other accounts managed by CTC, Wealth Management, Chicago Trading Company or their respective principals or affiliates may make investments and utilize investment strategies that may not be made or utilized by CTC on behalf of all (or any) of the CTC Funds, and may take positions that are opposite those of all or some CTC Funds. Accordingly, the various accounts managed by CTC, Wealth Management, Chicago Trading Company and their respective principals and affiliates may produce results that are materially different from those experienced by a particular CTC Fund, and the records of any investment management activities that CTC, Wealth Management, Chicago Trading Company and their respective principals and affiliates may engage in on behalf of such other accounts will not be available to any such client.

Other Activities of CTC and Related Persons. As described above, certain key personnel of CTC are also involved in the operations of Wealth Management and Chicago Trading Company. Although these individuals are expected to commit an appropriate amount of their business efforts to CTC, they are not required to devote all of their time to the affairs of CTC or of a particular CTC Fund.

CTC, Wealth Management, Chicago Trading Company, and the principals and affiliates of CTC, Wealth Management and Chicago Trading Company, may engage in, invest in, participate in or otherwise enter into other business ventures of any kind, nature or description, alone or with others, including, without limitation, the management of or investment in other investment or trading accounts, entities or vehicles, and clients shall have no right in or to any such activities or the income or profits derived therefrom.

CTC, and the principals and affiliates of CTC, Wealth Management and Chicago Trading Company, may invest and trade for their own accounts, including in securities which are the same as or different or opposite from those traded or held by the CTC Funds. As a result, CTC, and the principals and affiliates of CTC, Wealth Management and Chicago Trading Company, may from time to time have proprietary investments in securities in which a CTC Fund may take a position, may trade and invest simultaneously with the CTC Funds and may take investment positions that are different or opposite from the positions taken by the CTC Funds. As a result, conflicts of interest may arise between the CTC Funds and CTC or the principals or affiliates of CTC, Wealth Management and/or Chicago Trading Company with respect to matters such as the allocation of investment opportunities, purchases and sales of securities in connection with particular trading situations and allocation of personnel, resources and expenses. The records of trading by CTC and the principals and affiliates of CTC, Wealth Management and Chicago Trading Company generally will not be made available to clients, except to the extent required by law.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics. CTC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the protection of client trading opportunities, confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, limitations on and procedures regarding outside business activities, and personal securities trading procedures, among other things. All supervised persons at CTC must acknowledge the terms of the Code of Ethics annually, or as amended.

CTC's Code of Ethics includes a personal securities trading policy that applies to the personal trading accounts of all of CTC's "access persons" (as described in the Code of Ethics), including accounts for certain members of their families and households and certain related entities. Access persons are required to pre-clear certain securities transactions in such personal trading accounts with CTC's Managing Director or Chief Compliance Officer (or his or her designee), and are required to submit pre-trade notifications for all transactions in their personal securities accounts, which are subject to periodic review by the Chief Compliance Officer. The Chief Compliance Officer will maintain a "restricted list" of securities that may not be traded by access persons, which includes securities of issuers for which CTC personnel are in possession of material, non-public information. Access persons are required to file reports of their personal securities holdings on an annual basis, as well as quarterly securities transaction reports.

CTC's clients or prospective clients may request a copy of CTC's Code of Ethics by contacting CTC's Chief Compliance Officer at the number listed on the cover page.

Participation in Client Transactions and Personal Trading.

Principal Trades. A principal trade is a transaction between CTC or an affiliate thereof and a client account. CTC and its affiliates do not currently engage in principal trades with the CTC Funds, but may determine to do so in the future. Pursuant to Section 206(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), any principal trade must be disclosed to, and requires the consent of, the CTC Fund or other client that is opposite CTC or its principals or affiliates in such principal trade. Principal trades create a potential conflict of interest between the duties of CTC and/or its principals and affiliates to CTC’s clients and their desire to maximize their own profits or obtain other benefits with respect to their proprietary trading activities. To help mitigate this potential conflict of interest, the CTC Funds may engage an independent intermediary to act as agent of the applicable CTC Funds to give or withhold consent to such principal trade.

CTC anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause client’s to purchase or sell securities in which CTC, its affiliates (including Chicago Trading Company) and/or clients, directly or indirectly, have a position or financial interest.

CTC’s employees and persons associated with CTC are required to follow CTC’s Code of Ethics, which includes certain qualifications on the ability of CTC’s personnel to trade instruments held by clients. Subject to satisfying this policy and applicable laws, officers, directors and employees of CTC and its affiliates may trade for their own accounts in securities and derivatives which are recommended to and/or purchased for clients, as described above in “*Other Financial Industry Activities and Affiliations.*” The Code of Ethics is designed to assure that the personal transactions, activities and interests of the principals, employees and affiliates of CTC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while at the same time allowing employees to invest for their own accounts. The Code of Ethics requires pre-clearance of certain transactions, and requires that the interests of client accounts be placed ahead of those of CTC employees in their personal trading. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same instruments as clients, there is a possibility that employees might benefit from market activity by a client in an instrument held by an employee. Employee trading is regularly monitored under the Code of Ethics in an effort to prevent conflicts of interest between CTC and its clients.

BROKERAGE PRACTICES

CTC will select the brokers to be utilized by the CTC Funds, and will have discretion to select different brokers to be used for each transaction and to negotiate the rates and commissions its clients will pay. CTC may not adhere to any rigid formulae in making the selection of brokers, but will continue to seek “best execution” for its clients in the selection process. In selecting brokers to execute transactions, CTC need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Brokers will be selected generally on the basis of best execution, which may be determined by considering, in addition to price and commission rates, other factors including special execution capabilities, clearance, settlement, other transaction charges, block trading and block positioning capabilities, financial strength

and stability, efficiency of execution and error resolution, the availability of stock to borrow for short trades, custody, recordkeeping and similar services (“**Products and Services**”).

Research and Other Soft Dollar Benefits. In exchange for the direction of commission dollars to certain brokers, credits (or soft dollars) may be generated which may be used by CTC to pay for the Products and Services provided by, or paid by, such brokers (“**Credits**”). Although the commission rates charged by such brokers may not be represented as reflecting such additional Products and Services, the commission rates charged by such brokers may be higher or lower than the commission rates charged by other brokers, and CTC’s clients may be deemed to be paying for such other Products and Services provided by the Broker which are included in the commission rate (i.e., “paying up”). In particular, CTC expects to enter into “soft dollar” arrangements with one or more brokers in connection with securities transactions undertaken on behalf of its clients, pursuant to which such brokers will provide CTC with certain research and execution analytics. CTC intends for its use of such Products and Services to qualify for the “safe harbor” set out in Section 28(e) under the Securities Exchange Act of 1934, as amended (or, where Products and Services are provided in connection with trading futures or options on futures, for such benefits to fall within the safe harbor provisions of Section 28(e) as if they were being provided in connection with the trading of securities).

CTC may derive substantial direct or indirect benefit from these Products and Services, particularly to the extent it uses Credits to pay for research or other expenses which it would otherwise be required to pay. To the extent that CTC receives the benefits of Products and Services, a potential conflict of interest exists between CTC’s duty to manage or trade in the best interests of its clients and in an effort to obtain best execution, and CTC’s desire to receive the potential benefits of these Products and Services. In addition, CTC may use Products and Services in servicing some or all of its clients and the clients of its affiliates, and some Products and Services may not necessarily be used by a particular client even though its commission dollars may have provided for the Products and Services. A client, therefore, may not, in a particular instance, be the direct or indirect beneficiary of the Products or Services provided.

In the last fiscal year, CTC and its affiliates have not acquired Products and Services with client brokerage commissions.

Brokerage for Client Referrals. Although CTC does not currently do so, CTC may in the future direct brokerage business to brokers who refer prospective clients or investors to CTC. Because such referrals, if any, are likely to benefit CTC, but will not necessarily provide any significant benefit to CTC’s clients, CTC will have a conflict of interest when allocating brokerage business to a broker who has referred clients or investors to CTC. To prevent brokerage commissions from being used to pay investor referral fees, CTC will not allocate brokerage business to a referring broker unless they determine in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to CTC’s clients.

REVIEW OF ACCOUNTS

Account Reviews. CTC has engaged a third-party fund administrator to provide day-to-day administrative and bookkeeping services to the CTC Funds. CTC conducts daily trade reviews and reconciliations of the positions held by the CTC Funds to the records of the funds’ brokers. These reviews are conducted by CTC’s operations personnel and portfolio managers.

Client Reporting. CTC furnishes audited financial statements annually to all investors in the CTC Funds. Such investors are also provided with monthly unaudited reports including information regarding such fund's net assets and performance.

CLIENT REFERRALS AND OTHER COMPENSATION

CTC currently has no arrangements whereby it receives an economic benefit from any person who is not a client for providing investment advice or other advisory services to its clients, and does not directly or indirectly compensate any third-parties for advisory client referrals (although it may determine to do so in the future).

CUSTODY

CTC has custody of the funds and securities of the CTC Funds, which are maintained at one or more "qualified custodians," as defined under Rule 206(4)-2 of the Advisers Act. A "qualified custodian" generally is a bank or savings association that has deposits insured by the U.S. Federal Deposit Insurance Corporation, an SEC registered broker-dealer, a futures commission merchant or a foreign financial institution that holds segregated customer assets. An independent public accountant will audit each of the CTC Funds on an annual basis, and copies of the audited financial statements will be sent to the investors in the CTC Funds, as described above in "*Review of Accounts*."

INVESTMENT DISCRETION

CTC exercises discretionary authority over the accounts of its clients. CTC receives discretionary authority from the CTC Funds through the constituent documents of the funds, which grant a power of attorney in favor of CTC to select the identity and amount of any investments to be bought or sold for the CTC Funds. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the CTC Funds' accounts.

VOTING CLIENT SECURITIES

CTC holds the authority to vote proxies for securities held by the CTC Funds; however it is generally not CTC's practice to vote such proxies. In light of CTC's trading methodology and investment focus, CTC does not believe that it would be cost-effective for the firm to review each proxy vote and assess the underlying proposals, as the outcome of such proposals typically does not materially impact the implementation of CTC's investment strategies. CTC will analyze on an annual basis the estimated costs associated with casting such proxies on behalf of the CTC Funds against any estimated potential benefits of doing so, and reserves the right to vary this practice where it determines that doing so is in the best

interests of the CTC Funds, although it is not anticipated that CTC will do so. Clients generally may not direct specific proxy votes for the securities held in their accounts.

Clients may obtain a copy of CTC's proxy voting policies and procedures and information about how any proxies were voted on behalf of the client's account(s) by contacting CTC's Chief Compliance Officer at the number listed on the cover page.

FINANCIAL INFORMATION

CTC is required to provide you with certain financial information or disclosures about its financial condition. CTC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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